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REPORT
OF THE
MAJORITY OF THE COMMITTEE
ON
STATE ENDORSEMENT
OF THE
CONFEDERATE DEBT.

BOUGHTON, NISBET & BARNES, STATE PRINTERS
MILLEDGEVILLE, GA.

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1863.



Tr. R.

[Ordered 200 copies for House and 100 for Senate.]

The Special Committee to which was referred so much of the Message of his Excellency the Governor, with the accompanying documents, as relates to "State endorsement of the Confederate debt," have had the same under consideration, and a majority of the committee make the following

REPORT.

The currency of the Confederate States consists almost exclusively of notes issued by the Confederate Government, and is rapidly depreciating from excessive issue.— It is liable to depreciation of another kind, and from another cause, which is perhaps more pernicious than the other. The fact cannot be concealed that there is a distrust of the ability of the Confederate Government to redeem the notes, which have been and may be issued.

The depreciation arising from excessive issue contributes to the depreciation of the other kind to which allusion has been made. The remedy for the first is to reduce the circulation, but that alone will be no remedy for the other. If the amount of notes in circulation should be reduced by being funded in interest bearing bonds, so that the circulation shall approximate the amount required by the business of the country, the depreciation from a distrust of the solvency of the Government will not be removed; for funding the notes will merely change the form of the indebtedness, but will not reduce its amount, nor make its payment more certain and secure; on the contrary it will be increased to the extent of the interest which the bonds will bear. Though funding the notes may, to some extent, remedy the depreciation from excessive issue, it will not prevent the other depreciation alluded to, and which is the most hurtful of the two. There may be a redundancy in bonds, as well as in notes, for capitalists will be as unwilling to hold the bonds as they are the notes, when they distrust the ability of the government to meet its liabilities. Being thrown upon the market in large amounts from an apprehension of their ultimate failure, depreciation must necessarily ensue.

To remove depreciation from excessive issue, funding of the notes is recommended. That may prove an effectual remedy for the first evil complained of in the currency, but it is only one step towards sustaining the credit of the notes. Something more is necessary or that step will be unavailing.

It has been suggested that to make them a legal tender in payment of debts would have the effect to sustain their credit, but that would neither reduce the volume of circulation, nor remove the apprehension of the ability of the Government to redeem its notes. They are promises to pay money, and to make them a legal tender would not change the contract, or release the Government from its obligation to redeem them when they fall due; if it would, the effect would be practical repudiation.

Taxation is also recommended as a remedy for the evil complained of. Taxation is necessary and should be restored to, but that alone will not accomplish the object. It would simply reduce the circulation, for the time being, the amount of the taxes paid, and no more; but in time of war, and when, as in the case of our Government, the expenses are met almost exclusively by the issue of Treasury notes, the annual tax, which may be levied, will be insufficient for the wants of the Government, and therefore ineffectual to reduce the amount of notes in circulation to the usual and proper level of the currency. Taxation is necessary, and in conjunction with other measures, will have a beneficial effect. But the great necessity which is upon us, is to give credit to the Government issues; and to sustain it, something is necessary besides retiring the circulation, and changing the form of the indebtedness.—What is wanting is confidence; an abiding confidence that the notes and principal and interest of the bonds will be paid.

How is this confidence to be inspired? In the first place, by a strict observance of good faith; by avoiding repudiation, and everything leading to it.

Secondly, by providing the means, as far as practicable, for the payment of the interest of the public debt, and a fund for its ultimate redemption. Such a fund should be accumulated gradually, and applied in extinguishment of the debt, as its accumulation may justify. And to remove the danger which now threatens the public credit, and to insure confidence, in the third place, the States of the Confederacy should come to the aid of the Government, and support its credit by endorsement of its bonds.

Credit is the main, and indeed the sole, dependence of our Government for the means of defence in the war with

the United States. Under present circumstances, no revenue can be raised from duties on importations, or if any, it will be inconsiderable in amount. Taxation cannot raise the means rendered necessary by the war in which we are engaged.

Wars are expensive. The most wealthy nations are compelled to resort to loans and extraordinary means to raise money in time of war. The ordinary revenues of no country in such a time are sufficient for its wants.

Our Confederate Government, just struggling into existence, cannot be expected to be exempt from the lot common to all nations. Credit is the chief reliance of all, of the wealthiest as well as the poorest, nations, to meet the expenses necessarily incurred by war.

The only resource of our Government in the present emergency consists in the issue of notes promising to pay money. The necessities of our country require the daily, and constant issue of such notes. It is a duty due to the people, who are the holders of these notes, to protect them against depreciation. Patriotism demands that their credit be sustained. If that be destroyed our means of defence will be gone, and submission to an odious despotism, or subjugation by it, will be the inevitable result. These notes constitute the debt incurred by the Government in defence of the people of the Confederate States, and the people of the States must pay the debt.

Loans of money cannot be obtained with which to prosecute our defence. Our Confederate Government is yet unrecognized by Foreign Governments, and it cannot be expected that foreign capitalists will loan money to a Government, whose independence and existence among the nations of the world have not been established. Loans cannot be obtained from our own people, for the reason that they have but little active capital, and nothing like an amount sufficient for the purposes of government in time of war.

Necessity then compels the issue of notes promising to pay money, and in large amounts. We are engaged in a war of gigantic proportions, and our necessities and expenditures correspond with the magnitude of the war. Why should not the States guarantee the payment of the debt thus incurred in their behalf?

The States by their secession from the United States induced the war, which is now upon us—it is a war in defence of the right of secession—and the right of the States to hold their property in peace and security. Who must and will bear the expenses of this war, but the people of the State? The means must come from their pockets, whether the debt be paid by the States, or the Confederate

Government, and whether the money for the payment of the public debt be raised by taxation, or by duties on importations, the people are and will be the payers in both cases. If direct taxation should be resorted to by the Confederate Government, there will be no property subject to taxation, but that owned and possessed by the people of the States. The Confederate Government has no community, no people, but the people of the States. Neither territorially, nor as a body politic, is there any such nation or people, as the Confederate nation. There are Confederate States, or States confederated, and the people of each is a distinct, separate, sovereign community.

The Confederate Government is the agent of these Confederate States, and is as much their government, as are their respective State governments. The government of the Confederate States is the government of the people of Georgia to the extent of the powers granted, as well as their own State government. Both are the agents of the sovereign people of the State for specified purposes, and her people are as much bound to maintain one in the legitimate exercise of the powers granted, as the other. There is an obligation upon them to support both. They are bound to support their State government, and are just as much bound to contribute their share to the support of the other.

Now if the Confederate Government has incurred, and is incurring a heavy debt, as the agent of Georgia, and her co-States, and in their defense, why should not each bear her proportionate share of that debt? What satisfactory objection can be urged against it? Will it be said that the debt was incurred by the Confederate Government, and therefore that government should pay it? The answer is, the Confederate Government incurred it for the benefit of the people of the States, and as their agent, and the means of payment, if it shall ever be paid, must come from them. They can come from no where else. Why not then let the States indorse the debt, which their people must ultimately pay? It may be said that this is tantamount to a man's indorsing his own note. The cases are not strictly analogous. It would be more proper and correct to say, that it would be the principal recognizing and indorsing the act of his agent. In such a case the validity of the act of the agent would be placed beyond dispute. So in the case under consideration. Let the States indorse the payment of the Confederate debt, it will be equivalent to an indorsement of the acts of their agent, and assuming a liability which their agent incurred in their behalf, and for their benefit.

And the great controlling reason is that the effect of such indorsement will be to strengthen the credit of the Confed-

erate bonds and notes, but without their credit may suffer material injury, and with its loss, if that should unfortunately occur, we lose everything valuable in this life—credit, property, liberty, independence—all will be buried in one common grave. When this credit is gone, with it will go our means of defense—when we lose our means of defense, subjugation, or submission will follow. To avert so dire a calamity, every effort, and all means should be used to sustain the credit of the Confederate Government.

To this end, and for this purpose, we think the measures indicated in the following resolutions indispensably necessary.

1. *Resolved by the General Assembly of the State of Georgia,* That it is expedient for the purpose of sustaining the credit of the Confederate Government, that the several States of the Confederacy should guarantee the payment of such bonds as may be issued by the Government of the Confederate States for funding the Treasury notes now in circulation, and hereafter to be issued, each State guaranteeing her respective proportionate share of the amount of bonds so issued, according to her representation in the Confederate Congress, omitting in the calculation the States of Kentucky and Missouri.

2. *Resolved,* That in the opinion of this General Assembly, it is the duty of the Confederate Congress to raise by taxation annually an amount sufficient to pay the interest on the bonds issued by the Confederate Government, as it falls due, and to create a sinking fund upon such plan as may be adopted by Congress for the gradual and ultimate extinguishment of the public debt.

The Committee also report by bill.

All which is respectfully submitted,

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GEO. S. BLACK,
J. A. S. LEE,
L. N. WHITTLE,
MILTON A. CANDLER,
B. B. MOORE,
GEO. T. BARNES,

From the Committee of the House.

D. A. VASON,

From the Committee of the Senate.



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